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CENTRAL INTELLIGENCE AGENCY

*Memorandum of Conversation*

DATE: 29 September 1959

SUBJECT : Director's Meeting with Bureau of the Budget Officials to Discuss the Over-all Coordination of Communications and Intelligence Costs.

PARTICIPANTS: BOB: Mr. John A. Beckett, Assistant Director, Mr. Robert Macy, Chief of the International Division, Mr. William F. Schaub, Chief of the Military Division.

CIA: Mr. Allen W. Dulles, Director, General C. P. Cabell, Deputy Director, Mr. Richard M. Bissell, Deputy Director (Plans), Colonel L. K. White, Deputy Director (Support).

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1. Some time ago Mr. Macy advised me that the Bureau had outlined some eighteen major projects which they hoped to complete during the Eisenhower Administration. Two of these would be of interest to CIA. One has to do with communications and the other with the Director's role as the coordinator of national intelligence. He said that he would like to discuss these with me in greater detail at some later date.

2. On Wednesday, 23 September 1959, Mr. Macy telephoned to say that he was leaving on Saturday, 26 September 1959, for India and Pakistan, returning about 1 November, and would like very much to get an appointment with the Director to discuss the above subjects prior to his departure. An appointment was arranged at 1500 hours on Friday, 25 September 1959. Mr. Macy was accompanied by Mr. Schaub and Mr. Beckett, who represented Mr. Stans, the Director. In addition to Mr. Dulles, General Cabell, Mr. Bissell and I were present.

3. Mr. Beckett opened the conversation by explaining that the Department of Defense was spending some \$4 billion each year on communications and he felt that large projects and programs involving huge sums of money were undertaken unilaterally by the three Services without any over-all coordination. While the expense of our own communications activity was relatively small a very substantial amount of the total governmental communications cost was justified by intelligence requirements and, hence, Mr. Beckett thought that the Director would have an interest in this total problem. While the intelligence costs are not as substantial as those for communications, the two are related and it appears to the Bureau that there is also unnecessary duplication of effort and expenditure in this area. He also said that in a recent review of these proposed projects the President had expressed

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real interest in this matter and had directed Mr. Stans to undertake a study of the problem.

4. At Mr. Beckett's request, Mr. Macy reviewed the history of the Bureau's interest in trying to come to grips with the total cost of intelligence and concluded by saying that they were not sure what should or could be done about this, but wanted to review the matter again. During the course of the conversation Mr. Macy indicated that they were abreast of the work being done by the United States Intelligence Board's Cost Estimates Committee and it was obvious that the problem they were trying to attack was much broader in scope than the work carried on by the Committee.

5. Mr. Beckett then asked Mr. Schaub for his views. Mr. Schaub began by saying that he had a fairly negative attitude inasmuch as he failed to see how we were going to coordinate the entire Government in this area unless and until the Department of Defense's house was put in order. This very quickly led into recognition by everyone that General Erskine's office was inadequate to coordinate the Department of Defense in this area and raised the question as to whether there should not be a focal point within the Department through which the Director could effect better coordination of the Intelligence Community. At this point there was a discussion as to the Director's authority to coordinate within the Department and how strong a position he should take in areas where his authority was clear. For example, in the collection of intelligence by clandestine means there is no question but that the Director has real authority; however, there is a question as to whether, in a given situation, he can say: a. the activity which one of the Services proposes does not step on our toes and, therefore, we will concur in it, or, b. while the activity does not step on our toes we think that its probable production does not justify its cost and we discourage you from undertaking it, or, c. we forbid you to undertake it. The consensus seemed to be that this was a rather delicate matter which would require good judgment in each individual case without iron-clad rules.

6. Turning again to the question of whether there should be a focal point in the Department, General Cabell spoke forcefully against setting up another echelon in the Office of the Secretary of Defense through which this Agency would be required to deal with the three Services. He felt very strongly that we could do a better job of coordinating with the separate Services than we could through a focal point in the Office of the Secretary of Defense. Mr. Schaub then said that he didn't believe very many people had appreciated the effect of the 1958 reorganization of the Department of Defense which had placed emphasis on the creation of commands containing components of all the Services and reporting to the Joint Chiefs. He indicated that this whole problem was going to be placed in much sharper focus in the months to come with pressures continuing for a more streamlined command structure and that the creation of a single intelligence component for all Services could conceivably be the eventual answer. General Cabell then made it clear that he did not oppose action along these lines and, in fact, as far as he was personally concerned would be happy to see the three Services lose their identities by putting them all in one uniform. However, he emphasized that this was quite a different thing from the creation of a new focal point or additional echelon in the Office of the Secretary of Defense.

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7. The meeting ended without any conclusions being drawn. The Director expressed his real interest in the problem and offered to cooperate in any way that he could. Mr. Beckett indicated that the Bureau might try to draft some concrete proposals and might again request Mr. Dulles' views as well as his assistance in further study of this problem.

L. K. White  
Deputy Director  
(Support)

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